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THE EXTRA MILE, REGION VII, INC.

SHREVEPORT, LOUISIANA

JUNE 30, 2001

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Release Date 1/16/02

THE EXTRA MILE, REGION VII, INC.

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

# HEARD McELROY & VESTAL

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December 19, 2001

The Board of Directors  
The Extra Mile, Region VII, Inc.  
Shreveport, Louisiana

## Independent Auditors' Report

We have audited the accompanying statement of financial position of The Extra Mile, Region VII, Inc. (a nonprofit organization) as of June 30, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the statements applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Extra Mile, Region VII, Inc. at June 30, 2001, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2001 on our consideration of The Extra Mile, Region VII, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying information on Page 9 is presented for additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Heard, McElroy + Vestal, LLP*

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THE EXTRA MILE, REGION VII, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2001

A S S E T S

<u>Current assets:</u>	
Cash	18,389
Grant receivables-Note 3	<u>41,235</u>
Total current assets	<u>59,624</u>
 Total assets	 <u><u>59,624</u></u>

LIABILITIES AND NET ASSETS

<u>Current liabilities:</u>	
Payroll liabilities	2,538
Due to grantor	1,256
Agency accounts-Note 6	<u>9,476</u>
Total current liabilities	13,270
 <u>Net assets:</u>	
Unrestricted:	
Operating	<u>46,354</u>
 Total liabilities and net assets	 <u><u>59,624</u></u>

The accompanying notes are an integral part of the financial statements.

THE EXTRA MILE, REGION VII, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2001

Revenues and other support:

Contractual revenue-grants	194,523
Donations	2,122
Fundraising	9,039
Administration fees	11,123
Miscellaneous	5,085
Interest	<u>1,061</u>
Total revenues and other support	222,953

Expenses:

Interagency service coordination	28,181
Regional family support services	42,331
OMH transportation services	3,342
CDBG volunteer opportunities	38,690
Client specific needs	22,883
General operations	<u>104,789</u>
Total expenses	<u>240,216</u>

Change in net assets (17,263)

Net assets at beginning of year 63,617

Net assets at end of year 46,354

The accompanying notes are an integral part of the financial statements.

THE EXTRA MILE, REGION VII, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2001

<u>Cash flows from operating activities:</u>	
Change in net assets	(17,263)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Other	10,497
<i>(Increase) decrease in:</i>	
Grant receivables	29,094
<i>Increase (decrease) in:</i>	
Accounts payable	(14,957)
Other liabilities	(286)
Payroll liabilities	(18,650)
Agency accounts	(5,837)
Net cash (used) by operating activities	<u>(17,402)</u>
<u>Net (decrease) in cash and cash equivalents</u>	(17,402)
<u>Cash at beginning of year</u>	<u>35,791</u>
<u>Cash at end of year</u>	<u>18,389</u>

The accompanying notes are an integral part of the financial statements.



THE EXTRA MILE, REGION VII, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2001

1. Summary of Significant Accounting Policies

a. **Nature of Activities**

The Extra Mile, Region VII, Inc., (Extra Mile) is a nonprofit corporation under the laws of the State of Louisiana. Extra Mile was established to provide volunteer coordination and support services for the Offices of Mental Health, Developmental Disabilities and Substance Abuse. The following programs are administered by Extra Mile with their approximate percentages of total revenue:

*General Operations* — Accounts for Extra Mile contract and the overall operations of the agency, including volunteer recruitment and fund-raising efforts. Funding is provided by state funds from the State of Louisiana, Department of Health and Hospitals, Louisiana Serve, and other miscellaneous revenues.

*ISC* — Accounts for the Interagency Service Coordination contract, which is a source of funding for atypical expenditures necessary to meet extraordinary resource needs of emotionally and behaviorally impaired children. Funding is provided by federal funds from the State of Louisiana, Department of Health and Hospitals, Division of Mental Health.

*RFSC* — Accounts for The Regional Family Support contract, a program to assist families to care for and live with a child or adolescent who has an emotional, behavioral or mental disorder. Funding is provided by federal funds from the State of Louisiana, Department of Health and Hospitals-Division of Mental Health.

*OMH* — Accounts for the Office of Mental Health transportation contract, which provides for transportation for those adults living in rural parishes who have serious mental illness. Funding is provided by state funds from the State of Louisiana, Department of Health and Hospitals.

*CDBG* — Accounts for the Community Development Block Grant contracts, which generally provide volunteer opportunities for young people age 11-18 that address community needs, offer educational experience and develop a service ethic. Funding is provided through the City of Shreveport and City of Bossier City.

*CSN* — Accounts for the Client Specific Needs contract, which provides for the acquisition of items related to personal client needs identified to allow individuals with mental retardation and/or developmental disabilities to live as independently as possible in the community. Funding is provided by state funds from the State of Louisiana, Department of Health and Hospitals-Division of Citizens with Developmental Disabilities.

b. **Basis of Accounting**

The financial statements of Extra Mile have been prepared on the accrual basis of accounting.



1. **Summary of Significant Accounting Policies** (Continued)

c. **Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

d. **Income Tax Status**

The Extra Mile is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization other than a private foundation. The Extra Mile, therefore, is not subject to income taxes. However, income from certain activities not directly related to Extra Mile's tax-exempt purpose is subject to taxation as unrelated business income. The Extra Mile had no such income for this audit period.

e. **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

f. **Cash and Cash Equivalents**

The Extra Mile's cash, as stated for cash flow purposes, consists of interest-bearing bank accounts. The Extra Mile has no other assets that are considered cash equivalents.

g. **Property and Equipment**

Funds spent for property and equipment are expensed since the State of Louisiana and federal government generally retain title or have a reversionary interest in the property. Disposition of equipment and ownership of any proceeds is subject to state and federal regulation.

h. **Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

1. **Summary of Significant Accounting Policies** (Continued)

i. **Retirement Obligations**

The employees of Extra Mile are members of the Social Security System. There are no other retirement plans available through Extra Mile.

2. **Concentrations of Credit Risk**

Financial instruments that potentially subject Extra Mile to concentrations of credit risk consist principally of temporary cash investments and grant receivables. Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2001, Extra Mile had no significant concentrations of credit risk in relation to grant receivables. The Extra Mile maintains cash balances at a single financial institution. These accounts collectively are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2001, there were no uninsured balances at these institutions, and the Extra Mile had no significant concentrations of credit risk.

3. **Grant Receivables**

Various funding sources provide reimbursement of allowable costs and payment on units of service in connection with providing services under contracts or agreements. This balance represents amounts due from funding sources at June 30, 2001, but received after that date.

4. **Agency Accounts**

Certain funds have been received by Extra Mile as an agent for the resource provider, and may be transferred to third parties only upon the authority of the resource provider. Since Extra Mile has no discretion as to their use, they are accounted for as agency accounts.

NWRMR-DD	735
NWRMH	534
Mental Health Coalition	5,983
Shreveport Mental Health Center	794
Breakaway Natchitoches/Metamorphosis	555
Pines Treatment Center	257
Pines Treatment Center Alumni	318
Challenge	7
Minden Mental Health	72
OADA Prevention	113
Shreveport Mental Health Center	108
	<u>9,476</u>

5. **Contractual Revenue — Grants**

During the year ended June 30, 2001, Extra Mile received contractual revenue from federal and state grants in the amount of \$194,523. The continued existence of these funds is based on annual contract renewals with various funding sources.

6. **Leases**

Extra Mile leases office space under a contract that expires March 2002. In addition it leases office equipment under a five year rental contract. Rental cost on those leases for the year ended June 30, 2001 approximated \$14,000.

Commitments under lease agreements having initial or remaining noncancelable terms in excess of one year as of June 30, 2001 were as follows:

6. Leases (Continued)

Year Ending June 30:

2002	10,870
2003	1,870
2004	1,870
2005	1,870
2006	1,404
Thereafter	-
	<u>17,884</u>

## SUPPLEMENTARY INFORMATION

THE EXTRA MILE, REGION VII, INC.  
COMBINING SCHEDULE OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2001

	<u>ISC</u>	<u>RFSC</u>	<u>OMH</u>
<u>Revenues and other support:</u>			
Contractual revenue-grants	27,432	42,536	3,820
Donations	-	-	-
Fundraising	-	-	-
Administration fees	-	-	-
Miscellaneous	6	-	-
Interest	-	-	-
Total revenues and other support	<u>27,438</u>	<u>42,536</u>	<u>3,820</u>
<u>Expenses:</u>			
Salaries and wages	-	-	-
Payroll taxes and benefits	-	-	-
Travel and training	-	4,120	-
Operating services	24,861	32,378	2,960
Supplies and equipment	-	1,445	-
Professional services	570	731	-
Personal client needs	-	-	-
Administration fees	2,750	3,657	382
Fundraising	-	-	-
Total expenses	<u>28,181</u>	<u>42,331</u>	<u>3,342</u>
<u>Change in net assets</u>	<u>(743)</u>	<u>205</u>	<u>478</u>

<u>CDBG</u>	<u>CSN</u>	<u>General Operations</u>	<u>Total</u>
41,259	22,593	56,883	194,523
-	-	2,122	2,122
-	-	9,039	9,039
-	-	11,123	11,123
202	100	4,777	5,085
-	-	1,061	1,061
<u>41,461</u>	<u>22,693</u>	<u>85,005</u>	<u>222,953</u>
8,212	-	40,207	48,419
637	-	6,736	7,373
1,148	100	2,986	8,354
13,610	-	28,132	101,941
2,683	-	8,249	12,377
-	-	9,624	10,925
12,400	20,711	-	33,111
-	2,072	188	9,049
-	-	8,667	8,667
<u>38,690</u>	<u>22,883</u>	<u>104,789</u>	<u>240,216</u>
<u>2,771</u>	<u>(190)</u>	<u>(19,784)</u>	<u>(17,263)</u>

## OTHER REPORTS



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December 19, 2001

The Board of Directors  
The Extra Mile, Region VII, Inc.  
Shreveport, Louisiana

Report on Compliance and on Internal Control over Financial Reporting  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

We have audited the financial statements of The Extra Mile, Region VII, Inc., as of and for the year ended June 30, 2001, and have issued our report thereon dated December 19, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether The Extra Mile, Region VII, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Extra Mile, Region VII, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and pass-through entities, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

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THE EXTRA MILE, REGION VII, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2001

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of The Extra Mile, Region VII, Inc.
2. No reportable conditions were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of The Extra Mile, Region VII, Inc. were disclosed during the audit.
4. A single audit of Federal awards under OMB Circular A-133 was not required.

**B. FINDINGS AND QUESTIONED COSTS-FINANCIAL STATEMENT AUDIT**

None

THE EXTRA MILE, REGION VII, INC.  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2001

Finding 00-1

Submission of financial audit within six month deadline imposed by state law – resolved.

Finding 00-2

Reconciliation of accrued expenses per cost report billings to amounts per the books – resolved.

Finding 00-3

Approval and signing of board minutes – resolved.

THE EXTRA MILE, REGION VII, INC.  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2001

There were no findings during the current period audit.